Sydney – 30 August 2016

FLEXIGROUP DELIVERS FY16 CASH NPAT OF $97 MILLION, IN LINE WITH EXPECTATIONS

Overview

- FY16 Cash NPAT of $97.0 million delivered, up 8%, driven by 19% volume and 47% receivables growth
- Strong portfolio income growth, up 16% on prior comparable period, to $396.4 million
- FY16 fully franked final dividend of 7.25c per share
- Significant growth momentum achieved in the Cards business, including major contract signed with Flight Centre
- Strong operating cash flow supports investment in capital projects and receivables growth
- FY17 Cash NPAT from core businesses estimated between $90 million - $97 million, after growth investments

FlexiGroup Limited (ASX:FXL) ("FlexiGroup" or "the Group") today reported its results for the year ended 30 June 2016 (FY16). Cash Net Profit After Tax (Cash NPAT) was $97.0 million, in line with updated guidance provided in May 2016. Statutory Net Profit After Tax for the year was $50.2 million, incorporating non-cash and one-off adjustments, including deal and integration costs from the Group's acquisition of Fisher & Paykel Finance, and impairments and provisioning from discontinued operations.

Group new business volume for the year was $1,350 million, up 19% on the prior year, and closing receivables were up 47% to $2,094 million, crossing the $2 billion mark for the first time in FlexiGroup's history. FY16 portfolio income growth was strong, increasing 16% on the prior comparable period, to $396.4 million.

FlexiGroup achieved considerable growth in cash flow from operating activities, at $147.4 million, up 22% on FY15.

The Board of Directors declared a final fully franked dividend of 7.25 cents per share, delivering an 8.3% yield.

FlexiGroup Chief Executive Officer, Symon Brewis-Weston, said the Group was well positioned following the discontinuation of non-core, low-ROE businesses units, announced in May 2016. "We have made significant headway in our commitment to drive organic growth by focusing on FlexiGroup's core business units of Cards, Certegy and Leasing," said Mr Brewis-Weston.

"Our strong channel partner relationships, digital origination capabilities, proven credit algorithms and diversified funding sources continue to provide FlexiGroup with a deep competitive advantage in high volume, small ticket transactions. That, combined with our one million strong business and consumer customer base, gives us a clear and attractive runway for providing consistent profit and returns."

"Over the last six months we have added new merchant partners to our 20,000 strong store network, our sales and marketing culture has been reinvigorated and we have a rapidly growing new business pipeline in place, particularly across our commercial and cards businesses."

"Momentum is building in the Cards business, which now makes up 45% of Group receivables, and our expanded contract with Flight Centre is one example of the deals we are able to chase and win in this segment."

FlexiGroup's integration of Fisher & Paykel Finance into the Cards business is progressing to plan and synergies are being realised. The rollout of the new Q Mastercard has also commenced.

Ezi-Living, a key non-solar growth initiative in the Group's "No Interest Ever" segment (Certegy), focusing on the home renovations market, has been launched and shopping cart integration has been delivered.

FlexiGroup's new payments product, Oxipay, an organic growth initiative providing a new low touch, consumer friendly payment option in-store and online, has been built and will be launched to the market in September.

In line with its strategy to invest for growth, and as announced in May, FlexiGroup has taken an equity interest in Kikka Capital, a fintech small business lender, with the offering being rolled out to FlexiGroup's established customer base.

Mr Brewis-Weston said FlexiGroup's operations in Ireland presented another attractive area where growth could be realised: "While still at a very early stage, we have identified opportunities to expand in Ireland and will be investing in this business to capture the significant market opportunity which we believe exists there."

Outlook

FY17 Cash NPAT is estimated between $90 million - $97 million, after targeted growth investments. These investments, in-line with strategy and focused on delivering improved returns on invested capital, include growing Ireland, Commercial leasing and Oxipay.

The dividend payout is forecast to remain at 50-60% of Cash NPAT.

M&A opportunities will continue to be considered if deemed the right fit for FlexiGroup, however the Group's key focus will be on delivering profitable organic growth.

FlexiGroup today reaffirmed its ambition to return the business to double-digit NPAT growth in FY18.

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ABOUT FLEXIGROUP

FlexiGroup is a diversified financial services group providing "no interest ever", leasing, vendor finance programs, interest free and credit cards, lay-by and other finance solutions to consumers and businesses.

Through its network of over 20,000 merchant, vendor and retail partners the Group has extensive access to four key markets, Business to Consumer, Business to Business, Retail to Consumers (and small business customers) and online.

Performance has been characterised by solid profitable growth as the company has expanded and diversified its business through organic growth, acquisition and product innovation. This diversification strategy has been extended to the large $45bn credit card market with the acquisition of Lombard, Once Credit and Fisher & Paykel Finance.

FlexiGroup operates in Australia, New Zealand and Ireland within a diverse range of industries including: home improvement, solar energy, fitness, IT, electrical appliances, travel and trade equipment.

The Board of FlexiGroup is chaired by Andrew Abercrombie who is the founding director and ~24% shareholder in FlexiGroup. The Board also includes Symon Brewis-Weston, the FlexiGroup CEO, John Skippen, former Finance Director of Harvey Norman Holdings Limited and Rajeev Dhawan, a partner of Equity Partners.